

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6263

BILL NUMBER: HB 1357

NOTE PREPARED: Dec 15, 2011

BILL AMENDED:

SUBJECT: Sales Tax Exemption for College Textbooks.

FIRST AUTHOR: Rep. Candelaria Reardon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that sales of textbooks are exempt from the state Sales Tax if:
(1) the textbooks are required for an undergraduate course at an accredited college or university; and
(2) the purchaser is a student enrolled in an accredited college or university or the parent or guardian of a student enrolled in an accredited college or university.

Effective Date: July 1, 2012.

Explanation of State Expenditures: This bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill can be implemented within the existing level of resources available to the DOR.

Explanation of State Revenues: This bill will reduce Sales Tax revenue by approximately \$9.1 M in FY 2013 and \$10.3 M in FY 2014. The bill provides an exemption for textbooks required for courses at an accredited college or university, as long as the textbooks are purchased by a student or a student's guardian, and the student is enrolled in an accredited college or university. The FY 2013 amount is adjusted for 11 months of collection that will occur after the July 1, 2012, effective date.

Sales Tax revenue is deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%). The table below illustrates the reduction in Sales Tax revenue that would be distributed to each of these funds.

Fund	FY 2013	FY 2014
General Fund	\$9,110,517	\$10,229,991
Commuter Rail Service Fund	\$11,223	\$12,602
Industrial Rail Service Fund	\$2,646	\$2,971
TOTAL	\$9,124,386	\$10,245,564

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues would decrease to the extent that a local unit receives funds from the Commuter Rail Service Fund or the Industrial Rail Service Fund.

State Agencies Affected: DOR.

Local Agencies Affected:

Information Sources: National Retail Federation's *2007 Back-to-School Consumer Intentions and Actions Survey*; BIGresearch, August 2007; Undergraduate enrollment statistics from the Indiana Commission on Higher Education.

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